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The Persian Gulf States: Issues for U.S. Policy, 2006

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Summary

The U.S.-led war to overthrow Saddam Hussein has virtually ended Iraq's ability to produce weapons of mass destruction (WMD) and to militarily threaten the region, but it has produced new and un-anticipated security challenges for the Persian Gulf states (Saudi Arabia, Kuwait, Bahrain, Qatar, Oman, and the United Arab Emirates). The Gulf states, which are all led by Sunni Muslim regimes, fear that Shiite Iran is unchecked, now that Iraq is strategically weak. The Gulf states strongly resent that pro-Iranian Shiite Muslim groups and their Kurdish allies (who are not Arabs) have obtained preponderant power within Iraq. This has led most of the Gulf states, particularly Saudi Arabia, to provide only halting support to the fledgling government in Baghdad.

The new power structure in Iraq has had repercussions throughout the Gulf region: some Gulf Shiite communities, particularly in Bahrain, have been emboldened by events in Iraq to seek additional power. Sunni Muslim militants in Iraq — both Iraqi and non-Iraqi — are reportedly infiltrating the Gulf states to attempt attacks against Gulf regime and Western interests. Continuing instability in Iraq also requires the United States to maintain a larger military presence in the Gulf than would have been required had Iraq stabilized quickly, although some believe the United States should retain a large Gulf presence to counter the growing power of Iran.

The concentrated U.S. focus on Gulf security during the 1990s is giving way to emphasis on broader, non-security issues. Domestically, all of the Gulf states are undertaking substantial but gradual economic and political liberalization to deflect popular pressure and satisfy U.S. calls for reform. However, the reforms undertaken or planned do not aim to fundamentally restructure power in any of these states. The Bush Administration advocates more rapid and sweeping political and economic liberalization as key to long-term Gulf stability and to reducing support in the Gulf states for terrorist groups such as Al Qaeda. The Administration is funding civil society programs in the Gulf states — funding that is not necessarily welcomed by the Gulf leaderships — but it is also promoting the bilateral free trade agreements that most of the Gulf states seek.

The Bush Administration also is working to maintain or improve post-September 11 cooperation with the Gulf states against Al Qaeda. Some Gulf states allegedly tolerated the presence of Al Qaeda activists and their funding mechanisms prior to the September 11 attacks. Fifteen of the nineteen September 11 hijackers were of Saudi origin, as is Al Qaeda founder Osama bin Laden.

This report will be updated as warranted by regional developments. See also CRS Issue Brief IB93113, *Saudi Arabia: Current Issues and U.S. Relations*; CRS Report RS21513, *Kuwait: Post-Saddam Issues and U.S. Policy*; CRS Report RS21852, *The United Arab Emirates: Issues for U.S. Policy*; CRS Report RL31718, *Qatar: Background and U.S. Relations*; CRS Report 95-1013 F, *Bahrain: Key Issues for U.S. Policy*; and CRS Report RS21534, *Oman: Reform, Security, and U.S. Policy*.

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The Persian Gulf States: Issues for U.S. Policy, 2006

The Persian Gulf region is rich in oil and gas resources but has a history of armed conflict and of presenting major threats to U.S. national security. The Gulf states — Saudi Arabia, Kuwait, the UAE, Qatar, Bahrain, and Oman, bound together in a 1981 alliance called the Gulf Cooperation Council (GCC) — have experienced three major wars in the past two decades: the Iran-Iraq war (1980-88), the Persian Gulf war (1991), and Operation Iraqi Freedom (2003 - current). This report, which will be revised periodically, discusses U.S. and Gulf efforts to manage the new challenges posed by the September 11, 2001 attacks on the United States and the aftermath of the overthrow of Saddam Hussein. The report is derived from a wide range of sources, including press reports, unclassified U.S. government documents, U.N. documents, observations by the author during visits to the Gulf, and conversations with U.S., European, Iranian, and Gulf state officials, journalists, and academics.

Threat Perceptions and U.S.-Gulf Security Cooperation

Prior to the 2003 war against Iraq, the United States was repeatedly drawn into conflicts in the Gulf to counter Iranian or Iraqi aggression and contain regional escalation. Iran and Saddam Hussein's Iraq fought each other during 1980-1988, jeopardizing the security of the Gulf monarchy states, which collectively backed Iraq. Similarly, the United States tilted toward Iraq in that war to defeat the radical Islamist threat posed by Iran's Islamic revolutionary government, which came to power in February 1979 after ousting the U.S.-backed Shah. Iran and the United States fought minor naval skirmishes during 1987-88, at the height of the Iran-Iraq war. During one such skirmish (*Operation Praying Mantis*, April 18, 1988) the United States fought a day long naval battle with Iran that destroyed almost half of Iran's largest naval vessels. On July 3, 1988, the United States mistakenly shot down an Iranian passenger aircraft flying over the Gulf (Iran Air flight 655), killing all 290 aboard.¹ The Iran-Iraq war ceased in August 1988 when Iran's forces collapsed from a series of successful Iraqi offensives and Iran accepted U.N. Security Council Resolution 598, amounting to an Iraqi victory in the war.

The Iran-Iraq war victory emboldened Saddam Hussein to assert himself as the "strongman" of the Gulf. He invaded and occupied Kuwait on August 2, 1990, although asserting that he did so because Kuwait (and UAE) were overproducing oil

¹ In May 1987, Iraq hit the U.S.S. *Stark* with French-supplied Exocet missiles, presumed by most to be a mistake, killing 37 U.S. Navy personnel.

and thereby betraying Iraq (by lowering world oil prices). To liberate Kuwait, the United States deployed over 500,000 U.S. troops, joined by about 200,000 troops from 33 other countries. That war (Operation Desert Storm, January 16- February 27, 1991) resulted in the death in action of 148 U.S. service personnel and 138 non-battle deaths, along with 458 wounded in action. The 1991 Gulf war reduced Iraq's conventional military capabilities roughly by half, but, prior to Operation Iraqi Freedom (March 2003), Iraq was still superior to Iran and the Gulf states in ground forces.

The Gulf is one of the few theaters where weapons of mass destruction (WMD) and ballistic missiles have been used in hostilities. Iraq's missile, chemical, nuclear, and biological programs, accelerated during the Iran-Iraq war, were among the most sophisticated in the Third World at the time of Iraq's invasion of Kuwait. Israel was sufficiently concerned about Iraq's nuclear program that it conducted an air-strike against Iraq's French-built Osirak nuclear reactor on June 7, 1981, temporarily setting back Iraq's nuclear effort. During the Iran-Iraq war, Iraq fired enhanced Scud missiles at Iranian cities,² and Iran fired its own Scud missiles at Iraqi cities as well in the so-called "war of the cities." On ten occasions during the Iran-Iraq war, Iraq used chemical weapons against Iranian troops and Kurdish guerrillas and civilians, killing over 26,000 Iranians and Kurds.³ A U.N. investigation found that Iran also used some chemical weapons against Iraq during the war, although Iran's capability was less advanced than that of Iraq during that period. During the 1991 Gulf war, Iraq fired 39 enhanced Scud missiles at Israel, a U.S. ally, and about 40 enhanced Scud missiles on targets in Saudi Arabia. One Iraqi missile, fired on coalition forces on February 25, 1991 (during Desert Storm) hit a U.S. barracks near Dhahran, Saudi Arabia, killing 28 military personnel and wounding 97. U.N. weapons inspectors dismantled much of Iraq's WMD infrastructure during 1991-1998, but they left in 1998 due to Iraqi obstructions and without clearing up major unresolved questions about Iraq's WMD. New U.N. inspections began, under threat of U.S. force, in November 2002, but were ended after the Bush Administration and its allies determined that Iraq's regime would not fully cooperate and decided to overthrow the regime by force (Operation Iraqi Freedom, OIF).

² The missiles were supplied by Russia, but Iraq enhanced their range to be able to reach Tehran, which is about 350 miles from the Iraq border. The normal range of the Scud is about 200 miles.

³ Central Intelligence Agency. "Iraq's Weapons of Mass Destruction Programs." October 2002, p. 8. According to the study, Iraq used mustard gas, tabun, and other "nerve agents." According to the report, the majority of the casualties were Iranian, suffered during major Iranian offensives, including Panjwin (October-November 1983), Majnoon Island (February-March 1984), the Hawizah Marshes (March 1985), Al Faw (February 1986), Basra (April 1987), and Sumar/Mehran (October 1987).

The “Dual Containment” Approach of the 1990s

During 1993-1997, the Clinton Administration articulated a policy of “dual containment,” an effort to keep both Iran and Iraq weak rather than alternately tilting toward one or the other to preserve a power balance between them. During this period, Saudi Arabia and Kuwait were primarily concerned about the conventional threat from Iraq and saw Iran as a counterweight to Iraqi power. The states of the lower Gulf were further from Iraq and tended to view Iran as a greater danger than Iraq. Bahrain, in 1981 and again in 1996 — the latter a period of substantial Shiite-inspired unrest — openly accused Iran of plotting to destabilize that country by supporting radical Shiite movements there. In 1992, the UAE became alarmed at Iranian intentions when Iran asserted complete control of the largely uninhabited Persian Gulf island of Abu Musa, which Iran and UAE shared under a 1971 bilateral agreement. All the Gulf states improved relations with Iran significantly during the decade, particularly after the May 1997 election of the relatively moderate president Mohammad Khatemi, who curtailed Iran’s support for Shiite dissident movements in the Gulf states.

Despite the rapprochement between the Gulf and Khatemi’s regime, which was matched by unsuccessful attempts by the Clinton Administration to open direct talks with Khatemi’s government, the United States continued to try to constrain Iran’s WMD programs, but with mixed success. Unlike Iraq, which was the target of U.N. sanctions after it invaded Kuwait, Iran faces no mandatory international restrictions on its imports of advanced conventional weapons and it has been slowly rearming since 1990. Some of Iran’s WMD programs made significant strides during the 1990s, reportedly with substantial help from Russia, China, North Korea, and other countries and entities, such as the network of Pakistani nuclear scientist A.Q. Khan.

The dual containment policy also had little success in curbing Iran’s (or Iraq’s) support for international terrorism. Iran has been on the U.S. list of terrorism state sponsors (“terrorism list”) since 1984 (the list was created in 1979). Iraq was on the terrorism list during 1979-1982, and again from 1990 until the U.S.-led overthrow of Saddam Hussein. Over the past decade the State Department’s annual report on terrorism has described Iran as “the most active state sponsor of terrorism. The Islamic regime in Iran had held American diplomats hostage during November 1979-January 1981, a seizure for which Iran has not apologized. The pro-Iranian Lebanese Shiite Muslim organization Hizballah held Americans hostage in Lebanon during the 1980s. Some U.S. law enforcement officials say Iranian operatives were involved in the June 1996 bombing in Saudi Arabia of the Khobar Towers housing complex for U.S. military officers, in which 19 U.S. airmen were killed, although some indications from the “September 11 Commission” final report (p.60) says Al Qaeda operatives might have had some role in that bombing. Iran also has provided material support to the following groups that oppose the U.S.-sponsored Arab-Israeli peace process: Hizballah and the Palestinian groups Hamas, Palestinian Islamic Jihad, and the Popular Front for the Liberation of Palestine - General Command.

Iraq’s former regime was on the terrorism list and publicly supported Palestinian violence against Israel. According to the September 11 Commission report, neither Iran nor Saddam’s Iraq was linked to the September 11 attacks and neither had an “operational” relationship with Al Qaeda. However, press accounts

say that some Al Qaeda activists fleeing Afghanistan transited or took refuge in both countries, and there apparently were some limited contacts between Al Qaeda and the Saddam Hussein regime. The new government in Iraq, which consists of political leaders who are generally well disposed toward the United States, was removed from the terrorism list on September 24, 2004. No observer is predicting that Iran will soon be removed from the U.S. list of state sponsors of terrorism (“terrorism list”).

The Post-Saddam Gulf Threat Profile⁴

The Gulf threat profile has been altered — but not necessarily reduced — by the overthrow of Saddam Hussein’s regime in Iraq. The fall of Saddam had initially generated a sense of relief among the Gulf states because OIF removed Iraq as a conventional threat and ended Iraq’s WMD programs. The Gulf states now sense new threats as stability has eluded Iraq, although it should be noted that most experts do not see any near term or imminent security crises either from outside or domestically in the Gulf states. Others note that, in the past, Gulf crises have erupted on short notice, such as Saddam Hussein’s invasion of Kuwait, which was not widely predicted beforehand.

Iran and Shiites Strategically Strengthened. First and foremost, the Gulf states believe that the strategic weakness of post-Saddam Iraq has emboldened Iran to take a more active role in Gulf security and to seek to enlist the Gulf states in an Iran-led Gulf security structure. Iran has a long coastline and a well-honed sense of nationhood - it was not created by colonial powers — and believes it is entitled to a major role in Gulf security. All of the Gulf state fears about Iran have been compounded by the June 2005 election of hardliner Mahmoud Ahmadinejad as Iran’s president. He has appointed to key positions longtime associates from his career in the Revolutionary Guard and Basij militia — both bastions of hardline sentiment and armed force and which have sponsored radical activity in the Gulf in the past. Further progress on Iran’s WMD programs, particularly its nuclear program, could embolden Iran to try to intimidate the Gulf states. Qatar, for example, is wary that Iran might try to encroach on its giant natural gas North Field, which the two share. In response, the Gulf states believe that the United States must remain in the Gulf militarily to provide a check on Iranian ambitions. They would likely back U.S. action, including military action, to halt or set back Iran’s nuclear program. However, the Gulf states fear Iranian retaliation against them for any U.S. military move against Iran, and they strongly prefer that there be a diplomatic solution to Iran’s nuclear ambitions.

Compounding the threat perception of the Gulf states is the rise of Shiite Islamist factions in post-Saddam Iraq — particularly revered clerical leader Grand Ayatollah Ali al-Sistani and his allies, the Supreme Council of the Islamic Revolution in Iraq (SCIRI), and the Da’wa (Islamic Call) Party. These groupings have dominated Iraq’s two elections for a parliament - in January and again in December 2005. There continue to be anecdotal reports from observers and experts

⁴ For further information on developments in and U.S. policy toward Iraq, see CRS Report RL31339, *Iraq: U.S. Regime Change Efforts and Post-Saddam Governance*; and CRS Report RL32048, *Iran: Current Developments and U.S. Policy*, both by Kenneth Katzman.

that the Gulf states tried to assist Sunni or non-sectarian parties in the December 2005 election, groups such as that of former prime minister Iyad al-Allawi, who is a Shiite Muslim but is considered secular and non-sectarian. His Iraq National Accord party enjoyed Saudi support when it was an anti-Saddam party the early 1990s, and the Saudis, as well as many U.S. officials, view Allawi as a leader who could potentially stabilize Iraq. Resenting Shiite domination in Iraq, Saudi Arabia has disbursed little of its \$1 billion in aid pledges to Iraq, and it has not committed to appointing an ambassador to Iraq.

The Gulf leaders fear that the rise of Iraqi Shiite parties are prompting growing Shiite demands for power in the Gulf states themselves. As shown in the Appendix, several of the Gulf states have substantial Shiite populations - in Bahrain they are a majority (about 60%), but most Gulf Shiite communities consider themselves under-represented in government and lacking key opportunities in the economy. Bahrain fears Ahmadinejad will revive earlier Iranian efforts to support radical anti-government factions in Bahrain. Kuwait's concerns are also high even though Shiites (about 25% of Kuwaitis) are well integrated into the political system. Radical factions of an Iraqi Shiite Islamic party, the Da'wa Party, attacked the U.S. and French embassies in Kuwait City in December 1983, and attacked the Amir's motorcade in May 1985, injuring him slightly. Although Kuwaiti fears of a resumption of such activity have faded, Kuwait remains wary of potential Shiite militance and has engaged Iraq's Shiite clerics and provided about \$500 million in humanitarian aid to Iraq through a Kuwait based Humanitarian Operations Center. Kuwait has pledged to send an ambassador to Baghdad, although no ambassador has been named, to date. In Saudi Arabia, there is acute fear of potential Shiite unrest, in part because Shiites are concentrated in the eastern provinces where many of Saudi Arabia's oil fields are located and in which much of its oil export infrastructure is based.

Spillover From Iraq Battlefield. Prior to the U.S. intervention in Iraq, the Gulf states had feared unintended consequences of ousting Saddam, and several were reluctant to support it. For the most part, Gulf leaders publicly indicated that they would only support a U.S. attack if such action were authorized by the United Nations and had broad international support. Two of the Gulf states, Kuwait and Qatar, were more openly supportive of the U.S. position, and both hosted substantial buildups of U.S. forces and equipment that were used in the offensive against Iraq. Kuwait, which strongly wanted to see the former invader, Saddam Hussein, overthrown, hosted the bulk of the personnel and equipment used in the ground assault. Bahrain publicly supported the war by the time the Administration made it clear that there would be war, and it and Oman also hosted significant buildups of U.S. forces. Of the Gulf states, Saudi Arabia was the most vocally opposed to a U.S. offensive against Iraq, but it did quietly host a command center for U.S. air operations in the war and some U.S. special operations forces staging missions from there into Iraq.⁵ The UAE allowed U.S. air support operations from its territory as well. For Saudi Arabia, the prospect of the overthrow of Saddam Hussein held out the possibility that the 6,000 U.S. personnel that were based there in anti-Iraq

⁵ Solomon, John. "Saudis Had Wider Role in War." *Philadelphia Inquirer*, April 26, 2004.

containment operations would be able to depart. That redeployment happened after Saddam's fall.

Judging from the final statement of the 26th Gulf Cooperation Council summit in Abu Dhabi, UAE (December 2005), the Gulf leaders are also increasingly concerned about spillover from the Iraq war. Some Sunni Islamist insurgents have tried or succeeded in entering some of the Gulf states, particularly Kuwait, to commit acts of retribution against the Gulf governments or to try to attack U.S. forces staging for deployment into Iraq. The Sunni militants perceive the Gulf governments — even though they are Sunni-led — as traitors for having backed or acquiesced in the U.S. invasion of Iraq and ouster of Saddam Hussein. The Gulf states believe that parts of Iraq might become a safe haven for Sunni Islamic militants if the United States were to withdraw militarily from Iraq, an outcome that the Gulf states fear could result if U.S. casualties continue to mount. This issue is discussed in greater depth in the final section of this paper.

At the same time, efforts by the Gulf states to promote ethnic and sectarian balance in Iraq might be increasing the potential for spillover from Iraq. Saudi Arabia, and possibly other Gulf states, are said to be tacitly permitting Saudi fighters and weapons to enter Iraq to assist the Sunni insurgency there. U.S. military officers say that Saudi fighters accounted for about half of the foreign insurgents killed in Iraq in 2005.⁶ In November 2004, 26 radical Saudi clerics issued a pronouncement calling on Iraqis to fight U.S.-led forces in Iraq, although the Saudi religious establishment subsequently contradicted that pronouncement. At the same time, Saudi Arabia is pursuing diplomacy to increase the role of Sunni Arabs in Iraq's government, an outcome that both the Saudis and U.S. officials believe would stabilize Iraq. Press reports say the Saudis were influential in persuading hardline Iraqi Sunni clerics to attend a November 2005 Arab League-sponsored reconciliation meeting in Cairo.

Post-Saddam U.S.-Gulf Defense Cooperation

Because the post-Saddam Gulf is somewhat less stable than the United States initially expected, the pillars of U.S.-Gulf defense cooperation that were put in place after the 1991 Gulf war are still operating, although with some alterations. These relationships have enabled the United States to continue to operate militarily in Iraq, as well as in Afghanistan, although Afghanistan requires far less military activity than does Iraq. After the September 11, 2001 attacks, the Gulf states willingly and openly hosted U.S. forces performing combat missions in Afghanistan in Operation Enduring Freedom (OEF, the war against the Taliban and Al Qaeda). The Gulf regimes supported U.S. action against Al Qaeda and the Taliban in Afghanistan despite some sentiment in the Gulf region, and the broader Arab world, that saw the conflict as a U.S. war against Islam. For OEF, Saudi Arabia did not offer to allow U.S. pilots to fly missions in Afghanistan from Saudi Arabia, but it did openly permit the United States to use the Combined Air Operations Center at Prince Sultan Air Base, south of Riyadh, to coordinate U.S. air operations over Afghanistan. Published

⁶ Meyer, Josh. U.S. Faults Saudi Efforts on Terrorism. *Los Angeles Times*, January 15, 2006.

accounts indicate that the other Gulf states did allow such missions to fly from their territory, and they allowed the United States to station additional forces for OEF. Qatar publicly acknowledged the U.S. use of the large Al Udaid air base in OEF, and Bahrain publicly deployed its U.S.-supplied frigate naval vessel in support of OEF.

The cornerstones of U.S.-Gulf defense relations are broad bilateral defense pacts between the United States and each Gulf state except Saudi Arabia. The agreements, largely adopted after the 1990-91 Gulf crisis, provide not only for facilities access for U.S. forces, but also for U.S. advice, training, and joint exercises; lethal and non-lethal U.S. equipment pre-positioning; and arms sales. The pacts do not include security guarantees that formally require the United States to come to the aid of any of the Gulf states if they are attacked, according to U.S. officials familiar with their contents. Nor, say officials, do the pacts give the United States automatic permission to conduct military operations from Gulf facilities; the United States must obtain permission on a case by case basis. None of the Gulf states has moved to suspend or end these formal pacts now that Saddam Hussein is gone from power.

The approximate number of U.S. military personnel in the Gulf theater of operations is listed in **Table 1** below, based on unclassified tables provided to CRS by the Department of Defense in 2005. During the U.S.-led containment operations against Iraq during the 1990s, there were about 20,000 U.S. military personnel stationed in the Gulf at most times, although about 60% of those were afloat on ships. Although there are fewer U.S. forces in most of the Gulf states than there were at the height of OEF and OIF, the aggregate is still higher than the 20,000 “baseline” during the 1990s — almost entirely due to the large numbers of U.S. personnel still in Kuwait supporting OIF. U.S. forces in Iraq itself number about 150,000. The following is a brief overview of U.S. operations and presence in each of the six Gulf states:

- Saudi Arabia, concerned about internal opposition to a U.S. presence, did not sign a formal defense pact with the United States. However, it has entered into several limited defense procurement and training agreements (for both the regular military and the Saudi Arabia National Guard, SANG) with the United States.⁷ During 1992-2003, U.S. combat aircraft based in Saudi Arabia flew patrols to enforce a “no fly zone” over southern Iraq (Operation Southern Watch, OSW), but Saudi Arabia did not permit preplanned strikes against Iraqi air defenses, only retaliatory strikes for tracking or firing by Iraq. OSW ended after the fall of Saddam Hussein and most of the 6,000 Saudi-based U.S. personnel, along with all Saudi-based U.S. combat aircraft, were withdrawn in September 2003.
- Bahrain has hosted the headquarters for U.S. naval forces in the Gulf since 1948, long before the United States became the major Western power in the Gulf. (During the 1970s and 1980s, the U.S. presence was nominally based offshore.) Bahrain signed a separate defense

⁷ For more information on these agreements, see CRS Report 94-78, *Saudi Arabia: U.S. Defense and Security Commitments*. February 3, 1994, by Alfred Prados.

cooperation agreement with the United States on October 28, 1991, and the pact remains in effect. In June 1995, the U.S. Navy reestablished its long dormant Fifth fleet, responsible for the Persian Gulf region, and headquartered in Bahrain.

- After Iran's 1979 revolution, Oman on April 21, 1980 signed a facilities access agreement providing the United States access to Omani airbases and allowing some prepositioning of U.S. Air Force equipment. The agreement was renewed in 1985, 1990, and 2000. In keeping with an agreement reached during the 2000 access agreement renewal negotiations, the United States provided the \$120 million cost to upgrade the air base near al-Musnanah (Khasab).⁸
- On September 19, 1991, Kuwait, which saw itself as the most vulnerable to Iraqi aggression, signed a 10-year pact with the United States (renewed in 2001 for another 10 years) allowing the United States to preposition enough equipment to outfit two U.S. brigades. Joint U.S.-Kuwaiti exercises were held almost constantly, and about 4,000 U.S. military personnel were in Kuwait at virtually all times during the 1990s. The United States opened a Joint Task Force headquarters in Kuwait in December 1998 to better manage the U.S. forces in Kuwait, and the United States spent about \$170 million in 1999-2001 to upgrade two Kuwaiti air bases (Ali al-Salem and Ali al-Jabir) that hosted U.S. aircraft during the 1990s containment operations against Iraq.
- Even before OEF and OIF, Qatar was building an increasingly close defense relationship with the United States. It signed a defense pact with the United States on June 23, 1992, and accepted the prepositioning of enough armor to outfit two U.S. brigades at a site called As Saliyah site, which was upgraded with U.S. help. (Most of the armor at the site was used in OIF.)⁹ The United States built an air operations center (Combined Air Operations Center, CAOC) at Al Udeid air base that, by 2003, had largely supplanted the one in Saudi Arabia and continues to support OEF and OIF. Since 2002, CENTCOM has operated a regional command headquarters facilities in the As Saliyah site.
- The UAE did not have close defense relations with the United States prior to the 1991 Gulf war. After that war, the UAE determined that it wanted a closer relationship with the United States, in part to deter and balance out Iran. On July 25, 1994, the UAE announced it had signed a defense pact with the United States, although there are still some differences in interpretation of the legal jurisdiction of U.S. military personnel in the UAE. The UAE allows some U.S. pre-

⁸ Sirak, Michael. USA looks to Expand Bases in Oman and Qatar. *Jane's Defence Weekly*, April 17, 2002.

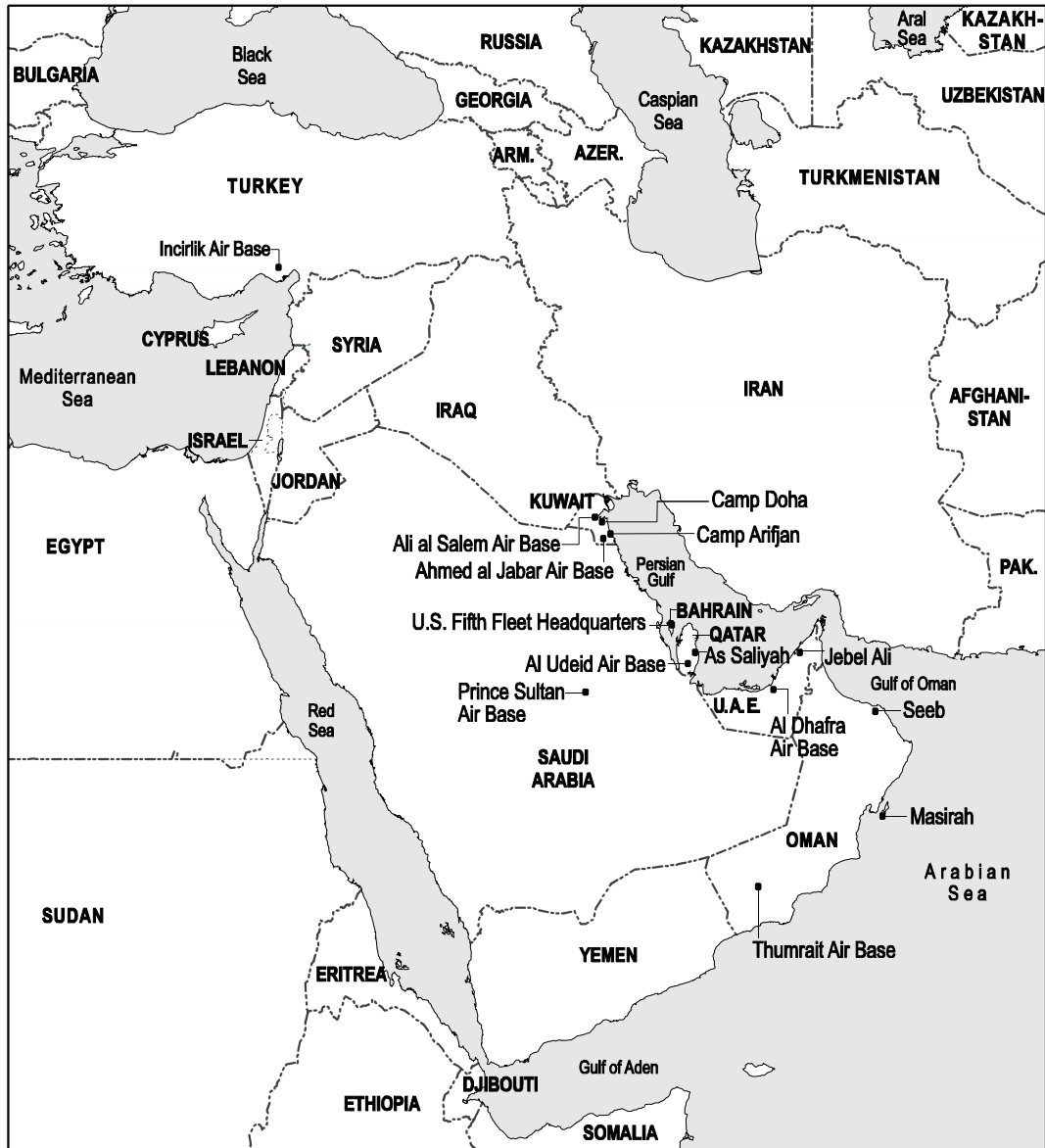
⁹ U.S. briefing for congressional staff in Qatar, January 2003.

positioning, as well as U.S. ship port visits at its large man-made Jebel Ali port, and it hosts U.S. refueling aircraft at Al-Dhafra air base for OEF and OIF. However, wanting to act within an Arab consensus, the UAE limited the United States to conducting support air operations during the major combat phase of OIF.

Table 1. Gulf Hosting of U.S. Troops and Equipment (2005)

Country	U.S. Forces/Facilities Access
Saudi Arabia	<ul style="list-style-type: none"> • About 400 U.S. military personnel, mostly to train Saudi military and national guard
Kuwait	<ul style="list-style-type: none"> • About 90,000 mostly Army, supporting OIF • - Ali al-Salem air base: hosts U.S. 386th Air Expeditionary Group supporting OIF • Camp Arifjan: main facility for US forces supporting OIF • Camp Buehring: firing range for U.S. training prior to OIF deployment • Camp Doha: was main facility for U.S., but was vacated in Dec. 05
UAE	<ul style="list-style-type: none"> • About 1,800 mostly Air Force supporting OIF and OEF • - Al Dhafra air base: 380th Air Expeditionary Group, KC-10, KC-135 refueling aircraft and surveillance craft • Jebel Ali: port facilities for U.S. ships resupplying Al Dhafra
Qatar	<ul style="list-style-type: none"> • About 6,000 mostly Air Force supporting OEF and OIF • Al Udeid airbase: U.S. F-16's, KC-10 and KC-135 refueling planes, surveillance aircraft, and CAOC. Qatar spending \$400 million to upgrade CAOC to regional air operations center. • As Saliyah: CENTCOM forward hq (since 2003); hq for special operations component of CENTCOM (Socent); pre-positioned U.S. Army materiel • Millenium Village: being built to house U.S. personnel
Oman	<ul style="list-style-type: none"> • About 25 mostly Air Force • equipment, U.S. Air Force access to Seeb, Thumrait, Masirah, Khasab air bases mostly for contingencies
Bahrain	<ul style="list-style-type: none"> • About 4,700, mostly Navy supporting OIF and OEF • Manama: large portside site for U.S. Fifth fleet headquarters and naval (Navcent) and Marine (Marcent) components of CENTCOM. These commands direct U.S. and allied anti-Al Qaeda, anti-drug, anti-proliferation naval operations and Iraq oil terminal defense • Mina al-Sulman port: docking for small U.S. warships, is being improved to handle carriers • Shaikh Isa air base: mainly for contingencies and pre-positioned U.S. equipment • Muharraq Airfield for U.S. Navy reconnaissance aircraft

Sources: Factsheets provided to CRS by the Department of Defense in 2005; Overseas Basing Commission (May 2005). U.S. force figures per country from early 2005.

Figure 1. Facilities Used by U.S. Forces in the Gulf

Source: Map Resources. Adapted by CRS. (M.Chin 01/03)

U.S. Arms Sales and Security Assistance. A key feature of the U.S. strategy for protecting the Gulf states has been to sell them arms and related defense services. Congress has not blocked any U.S. sales to the GCC states since the 1991 Gulf war, although some in Congress have expressed reservations about sales of a few of the more sophisticated weapons and armament packages to the Gulf states in recent years. Some Members believe that sales of sophisticated equipment could erode Israel's "qualitative edge" over its Arab neighbors, if the Gulf states were to join a joint Arab military action against Israel, but few experts believe that the Gulf states would seek conflict with Israel. Others are concerned that some U.S. systems sold to the Gulf contain missile technology that could violate international conventions or be re-transferred to countries with which the United States is at odds.

Even if they were to do so, successive U.S. administrations have maintained that the Gulf states are too dependent on U.S. training, spare parts, and armament codes to be in a position to use sophisticated U.S.-made arms against Israel or any other U.S. ally.¹⁰ The Foreign Relations Authorization Act of 1994-1995 (P.L. 103-236, signed April 30, 1994) bars U.S. arms sales to any country that enforces the primary and secondary Arab League boycott of Israel. The provision has been waived for the Gulf states every year since enactment.

Most of the GCC states are considered too wealthy to receive U.S. security assistance, including Foreign Military Financing (FMF) and excess defense articles (EDA). Only Bahrain and Oman, the two GCC states that are not members of the Organization of the Petroleum Exporting Countries (OPEC), receive significant amounts of U.S. assistance. Saudi Arabia receives a nominal amount of International Military Education and Training funds (IMET) — \$25,000 in FY2003, FY2004 and FY2005 — to lower the costs to the Saudi government of sending its military officers to U.S. schools (approximately a 50% discount). The move is intended in part to preserve U.S.-Saudi military-to-military ties over the longer term, amid fears of recent erosion in those ties due to some U.S. - Saudi frictions following the September 11, 2001 attacks. Saudi Arabia now sends about 400 military personnel to study at U.S. military schools, a figure far lower than the 2,100 students sent in FY2001. A provision of the FY2005 foreign aid appropriations (in Consolidated Appropriations law, P.L. 108-447) cuts IMET for Saudi Arabia but President Bush waived that restriction on September 26, 2005 to provide the aid (PD2005-38).

Table 2. U.S. Assistance to the Gulf States

Gulf State	Aid Category	FY2005	FY2006 (est.)
Saudi Arabia	IMET	\$25,000	\$25,000
Oman	FMF	\$19.84 million	\$20 million
	IMET	\$1.1 million	\$1.1 million
	NADR	\$400,000	\$500,000
Bahrain	FMF	\$18.85 million	\$19 million
	IMET	\$650,000	\$650,000

Note: The other Gulf states receive no aid. IMET: International Military Education and Training funds; ESF: Economic Support Funds; FMF : Foreign Military Financing; NADR: Nonproliferation, Anti-Terrorism, Demining, and Related Programs.

¹⁰ Ratnam, Gopal and Amy Svitak. "U.S. Would Keep Tight Rein on Missile Sold to Bahrain." *Defense News*, September 11, 2000.

Excess Defense Articles (EDA). Of the Gulf states, only the two least financially capable, Bahrain and Oman, are eligible to receive EDA on a grant basis (Section 516 of the Foreign Assistance Act). EDA are U.S. military items declared to be surplus or out of service for U.S. uses, but are still considered usable either as-is or with refurbishment. The UAE is eligible to buy or lease EDA. In 1998-1999, Oman received 30 and Bahrain 48 U.S.-made M-60A3 tanks on a “no rent” lease basis. The Defense Department subsequently transferred title to the equipment to the recipients. Since July 1997, Bahrain has taken delivery of a U.S. frigate and an I-HAWK air defense battery as EDA. Bahrain is currently seeking a second frigate under this program.

Foreign Military Sales (FMS). Some of the major recent U.S. arms sales (foreign military sales, FMS) to the Gulf states, or sales under consideration, are discussed below.¹¹ However, as noted, some Gulf states might be seeking arms from non-U.S. sources, possible to diversify their defense relationships or perhaps to gain leverage over potential suppliers or allies of Iran.

- The UAE historically has purchased its major combat systems from France, but UAE officials apparently have come to believe that arms purchases from the United States enhance the U.S. commitment to UAE security. In March 2000, the UAE signed a contract to purchase 80 U.S. F-16 aircraft, equipped with the Advanced Medium Range Air to Air Missile (AMRAAM), the HARM (High Speed Anti-Radiation Missile) anti-radar missile, and, subject to a UAE purchase decision, the Harpoon anti-ship missile system. The total sale value, including weapons and services, is estimated at over \$8 billion.¹² Deliveries began in May 2005. Congress did not formally object to the agreement, although some Members questioned the AMRAAM sale as a first introduction of that weapon into the Gulf. The Clinton Administration satisfied that objection when it showed that France had introduced a similar system in a sale to Qatar. On November 17, 2004, DSCA notified Congress of a potential sale to UAE of 100 JAVELIN anti-tank missile launchers (plus 1,000 JAVELIN missile rounds) at a potential cost of \$135 million. The UAE is also considering buying an anti-ballistic missile system, according to UAE Air Force Commander Maj. Gen. Khalid Al Bu-Ainain in November 2005.
- Saudi Arabia, buoyed by high oil prices, has now absorbed about \$14 billion in purchases of U.S. arms during the Gulf war, as well as post-war buys of 72 U.S.-made F-15S aircraft (1993, \$9 billion value), 315 M1A2 Abrams tanks (1992, \$2.9 billion), 18 Patriot

¹¹ Information in this section was provided by press reports and the Defense Security Cooperation Agency (DSCA) in *Security Assistance Program Summaries* (unclassified) for each of the Gulf states. March-May 2004.

¹² See CRS Report 98-436, *United Arab Emirates: U.S. Relations and F-16 Aircraft Sale*. Updated June 15, 2000, by Kenneth Katzman and Richard F. Grimmett. Transmittal notices to Congress, No. DTC 023-00, April 27, 2000; and 98-45, September 16, 1998.

firing units (\$4.1 billion) and 12 Apache helicopters. It reportedly is now considering major new purchases, including a new generation fighter aircraft to replace aging U.S.-made F-5's and British-made Tornados. A *Wall Street Journal Europe* report on December 22, 2005 said Saudi Arabia had signed an agreement to buy up to 48 Eurofighter Typhoon jets. In three notifications on October 3, 2005 DSCA told Congress that Saudi Arabia intends to buy up to \$2 billion in U.S.-made armored personnel carriers (144) and related equipment and services; equipment support; and communications upgrades for the military and National Guard (SANG).

- In 2005, Kuwait began taking delivery of a long-delayed purchase of 16 U.S.-made AH-64 "Apache" helicopters, equipped with the Longbow fire control system - a deal valued at about \$940 million. According to DSCA, Kuwait is considering purchasing an additional 10 F/A-18 aircraft to complement its existing fleet of 40 of those aircraft, but there has been no movement on this recently. Kuwait also bought 5 Patriot firing units in 1992 and 218 M1A2 Abrams tanks in 1993. On April 1, 2004, the Bush Administration designated Kuwait as a "major non-NATO ally" (MNNA), a designation that will facilitate the future U.S. sales of arms to Kuwait.
- In 1998, Bahrain purchased 10 F-16s from new production at a value of about \$390 million. In late 1999, the Administration, with congressional approval, agreed to sell Bahrain up to 26 AMRAAMs, at a value of up to \$69 million. Among the more controversial sales to a Gulf state, in August 2000 Bahrain requested to purchase 30 Army Tactical Missile Systems (ATACMs), a system of short-range ballistic missiles fired from a multiple rocket launcher. The Defense Department told Congress the version sold to Bahrain would not violate the rules of the Missile Technology Control Regime (MTCR),¹³ an effort to allay congressional concerns that the sale would facilitate the spread of ballistic and cruise missiles in the Gulf.¹⁴ In addition, the Administration proposed a system of joint U.S.-Bahraini control of the weapon under which Bahraini military personnel would not have access to the codes needed to launch the missile.¹⁵ Bahrain accepted that control formula, and delivery began in October 2002. President Bush designated Bahrain an MNNA in March 2002.

¹³ The MTCR commits member states not to transfer to non-member states missiles with a range of more than 300 km, and a payload of more than 500 kilograms. Turkey, Greece, and South Korea are the only countries to have bought ATACMs from the United States.

¹⁴ Ratnam, Gopal and Amy Svitak. "U.S. Would Keep Tight Rein on Missile Sold to Bahrain." *Defense News*, September 11, 2000.

¹⁵ Ibid.

- Qatar has traditionally been armed by France and Britain, and no major U.S. sales seem imminent, despite Qatar's healthy economy that benefits from burgeoning sales of natural gas. DSCA says that Qatar has expressed interest in a few U.S. systems, including the ATACM, which Bahrain has bought and which the United States has told Qatar it is eligible to buy. Qatar is also expressing active interest in the Patriot (PAC III) missile defense system, according to DSCA. Qatar might be seeking to buy advanced combat aircraft if it finds a buyer for the 12 Mirage 2000's it put up for sale in 2002; a possible sale to India collapsed in August 2005 over pricing issues.¹⁶
- Oman has traditionally purchased mostly British weaponry, reflecting British influence in Oman's military, and the British military's mentoring and advisory relationship to Sultan Qaboos. In October 2001, in an indication of waning British influence, the United States announced that Oman would buy 12 F-16 A/B aircraft, at an estimated value of \$825 million. The first deliveries began in December 2005. In April 2003, Oman decided to purchase a podded airborne reconnaissance system for the F-16's; a sale valued at \$46 million. Oman does not appear to be considering the purchase of any other major U.S. systems at this time, although it has requested some items be supplied as EDA, including patrol boats to combat smuggling along its coast.

¹⁶ Raghuvanshi, Vivek. "Low Bid Scuttles Deal," Defense News, August 1, 2005.

Table 3. Comparative Military Strengths of the Gulf States, Iraq, and Iran (2005)

Country	Military Personnel	Tanks	Surface-Air Missiles	Combat Aircraft	Surface Ships	Patriot Firing Units	Defense Budget (billion dollars)
Saudi Arabia	199,500 (incl. 75,000 Saudi National Guard)	900 (incl. 315 M-1A2 Abrams)	16 I-Hawk batteries	294 (incl. 174 F-15)	34	20 PAC-2	21.3
UAE	50,500	545 (incl. 390 Leclerc)	3 I-Hawk batteries	106	18	0	2.65
Oman	41,700	154	50	40 Rapier	13	0	3.0
Kuwait	15,500	368 (incl. 218 M-1A2 Abrams)	84 batteries (incl. I-Hawk)	50 (incl. 40 FA-18)	40	5 PAC-2	4.3
Qatar	12,400	30 AMX-30	75 SAM's (incl. 12 Stinger)	18	27	0	2.2
Bahrain	11,200	180 M-60	8 I-Hawk batteries	34 (incl. 22 F-16)	11 (incl. 1 frigate)	0	.526
Total GCC	330,800	2,177	236	542	143	25	33.98
Iraq	105,000 mostly for counter-insurgency	77 T-72 other donated armor	?	negl.	negl.	0	?
Iran	540,600	1,693	76 batteries (incl. I-Hawk) plus some Stinger	280	260 (incl. 10 Hudong, 40 Boghammer, 3 frigates) Also has 3 Kilo subs	—	4.4

Source: International Institute for Strategic Studies, *The Military Balance 2005-2006*. (Note: Figures shown here include materiel believed to be in storage); various press reports.

Iraqi aircraft figures include aircraft flown from Iraq to Iran during 1991 Gulf war. Patriot firing unit figures do not include U.S.-owned firing units emplaced in those countries by the United States. Six U.S. Patriot firing units are emplaced in Saudi Arabia, according to *Teal's World Missiles Briefing*.

Other Gulf State Security Initiatives

The United States has continued to encourage the Gulf states to increase military cooperation among themselves, building on their small (approximately 10,000 personnel) Saudi-based multilateral force known as Peninsula Shield, formed in 1981. However, U.S. emphasis on building intra-GCC cooperation has waned somewhat after the fall of Saddam Hussein and the corresponding high level of U.S. military attention to Iraq. Peninsula Shield, based at Hafar al-Batin in northern Saudi Arabia, did not react militarily to the Iraqi invasion of Kuwait, exposing the force's deficiencies. After that war, manpower shortages and disagreements over command of the force prevented the GCC states from agreeing to an Omani recommendation to boost Peninsula Shield to 100,000 men. In September 2000, the GCC states agreed in principle to increase the size of Peninsula Shield to 22,000,¹⁷ but no timetable was set for reaching that level. Suggesting that the Gulf states no longer see a major land invasion threat now that Saddam Hussein is gone, at the December 2005 GCC summit, the Gulf leaders "endorsed" a Saudi proposal to disperse donated Peninsula Shield forces back to their home countries.¹⁸ These forces would remain available for deployment to the Peninsula Shield force in a crisis. Instead, the Gulf states reportedly are planning to focus on naval and air cooperation against threats from Iran or any other power. As shown in Table 3, the Gulf states could potentially have superiority in equipment over Iran were they to combine their operations in response to a threat, and the Gulf states' military technology purchased from the United States and Europe is likely superior to Iran's mostly Russian and Chinese-supplied arsenal.

Adapting to the changing nature of the threats facing the Gulf, the Gulf states have made some incremental progress in linking their early warning radar and communication systems. In early 2001, the GCC inaugurated its "Belt of Cooperation" network for joint tracking of aircraft and coordination of air defense systems, built by Raytheon. The Belt was part of the United States' "Cooperative Defense Initiative" to integrate the GCC defenses with each other and with the United States. Another part of that initiative is U.S.-GCC joint training to defend against a chemical or biological attack, as well as more general joint military training and exercises.¹⁹ The Cooperative Defense Initiative, launched in the mid-1990s, is a scaled-back version of an earlier U.S. idea to develop and deploy a GCC-wide theater missile defense (TMD) system. That idea envisioned a system under which separate parts (detection systems, intercept missiles, and other equipment) of an integrated TMD network would be based in the six different GCC states. That concept ran up against GCC states' financial constraints and differing perceptions

¹⁷ "GCC States Look to Boost 'Peninsula Shield' Force to 22,000." *Agence France Press*, September 13, 2000.

¹⁸ Khawaji, Riad. GCC Leaders to Disband Peninsula Shield. *Defense News*, January 2, 2006.

¹⁹ Press Conference with Secretary of Defense William Cohen. Office of the Assistant Secretary of Defense (Public Affairs), April 8, 2000.

among the Gulf states of the threat environment.²⁰ As noted in the table above, Kuwait and Saudi Arabia have Patriot anti-missile units of their own; the other four GCC states have no advanced missile defenses.

Another joint security cooperation idea never extended beyond the concept stage. Gulf state suspicions of Syria and Egypt prevented closer military cooperation with those countries, as envisioned under a March 1991 “Damascus Declaration.” Under the Damascus Declaration plan, Egyptian and Syrian forces would have been stationed in the Gulf to bolster the Peninsula Shield force.

Potential Cooperation With NATO. There are some indications that the Gulf states might be diversifying their security cooperation relationships with Western powers, while emphasizing such security-related issues as preventing drug trafficking, human trafficking, and proliferation. NATO is increasingly engaged in activities outside its traditional European base, and the NATO summit in Istanbul in 2004 launched an “Istanbul Cooperation Initiative” for greater NATO-Gulf state cooperation on some of these issues. To date, Kuwait, Bahrain, Qatar, and the UAE have joined the Istanbul initiative, but the absence of Saudi and Omani participation could slow development of this concept. Some NATO experts want to see the Istanbul initiative be further developed to allow for cooperation similar to that provided for in NATO’s “Partnership for Peace” program. To promote greater NATO interaction with the Gulf states, NATO Secretary General Jaap de Hoop Scheffer attended a ground breaking meeting of high level Gulf defense officials in Qatar on December 1, 2005. During 2005, NATO (including U.S.) naval units, with participation of some Gulf naval forces, held exercises in the Arabian Sea in support of the U.S.-led “Proliferation Security Initiative” (PSI), a program to halt potential WMD-related shipments at sea.

Domestic Stability and Political Liberalization

The external threats the Gulf monarchies face have not produced regime-threatening instability within the Gulf states. However, there are domestic forces that, particularly if aggravated by outside Gulf powers such as Iran, could prove destabilizing. Bahrain and Saudi Arabia have experienced periodic open unrest since the early 1990s. The Gulf states are instituting gradual domestic political and economic reform efforts that are intended to satisfy the pro-reform elements of the population while maintaining tradition.

Leadership Transition

Still governed by hereditary leaders, several of the Gulf states also have completed at least interim leadership transitions over the past two years. The transitions are, in many cases, allowing new leaders to move forward on some long-dormant political or economic reforms.

²⁰ Finnegan, Philip. “Politics Hinders Joint Gulf Missile Defense.” *Defense News*, March 22, 1999.

- In Saudi Arabia, King Fahd suffered a stroke in November 1995 but he held the title of King until his death on August 1, 2005. He was immediately succeeded by his half-brother and heir apparent, Crown Prince Abdullah, who had been de-facto ruler of the country. Abdullah is the same age as was Fahd (about 80) but Abdullah appears to be in reasonably good health. Abdullah has been more willing than Fahd to question U.S. policy in the region and U.S. prescriptions for Saudi security, although he has maintained a cooperative relationship with the United States. Together with his image of piety and rectitude, Abdullah's perceived independence accounts for his relative popularity among the Saudi tribes and religious conservatives, giving him the legitimacy he needs to combat Saudi-based Al Qaeda or pro-Al Qaeda militants. His formal accession has enabled him to begin moving forward on some long-delayed internal reforms, as discussed below. The new heir apparent is Prince Sultan, a full brother of the late King Fahd, as expected, but the longer term succession could be clouded by family factional politics. The post-Fahd cabinet has remained largely unchanged; Sultan remains Defense Minister.
- In Bahrain, the sudden death of Amir (ruler) Isa bin Salman Al Khalifa on March 6, 1999 led to the accession of his son, Hamad bin Isa Al Khalifa, who was commander of Bahrain's Defense Forces. In February 2002, he wanted to promote a more limited monarchy and formally changed Bahrain into a kingdom and took the title King instead of Amir. King Hamad has moved decisively to try to address the domestic grievances that have caused Bahrain's Shiite Muslim unrest. King Hamad is about 56 years old and has named his son Salman, who is about 37 years old and is an avowed economic reformer, as Crown Prince. The two are sometimes said to be at odds with the King's traditionalist uncle, Khalifa bin Salman Al Khalifa, who remains Prime Minister.
- The UAE completed a transition upon the November 2, 2004 death of Shaykh Zayid bin Sultan al-Nuhayyan, ruler of the emirate of Abu Dhabi who helped found and became President of the seven-emirate UAE federation in 1971. His eldest son, Crown Prince Khalifa, who is about 48, succeeded immediately as ruler of Abu Dhabi and President of the UAE. His dynamic younger brother, Shaykh Mohammad, who is about 44, was named Abu Dhabi Crown Prince/heir apparent and he yielded his UAE Armed Forces chief-of-staff position to a non-royal. Further changes occurred on January 4, 2006 when the ruler of Dubai, Shaykh Maktum bin Rashid Al Maktum, died suddenly. He was succeeded by his younger brother, Mohammad bin Rashid Al Maktum, who had been running Dubai de-facto for many years. Shaykh Mohammad Al Maktum is expected to be named Prime Minister of the UAE federation if convention is followed. The UAE is well placed to weather this transition because it has faced the least unrest of any of the Gulf

states. Its GDP per capita (\$22,000 per year) is among the highest in the Gulf, and there are few evident schisms in the society.

- Qatar's Amir, Hamad bin Khalifa Al Thani, who overthrew his father in a bloodless coup in June 1995, sees himself as the leader among the Gulf rulers in instituting political reform and a public role for women. The Amir's reform agenda has been bolstered by the high public profile of his favorite wife, Shaykha Moza al-Misnad. Amir Hamad also has carved out a foreign policy independent from that of Saudi Arabia, has garnered wide support internally and there has been little evidence of unrest. On the other hand, some indications suggest that Qatar could lack dynamic leadership if the Amir were to leave the scene unexpectedly; in August 2003 the Amir suddenly and unexpectedly changed his crown prince/heir apparent from Shaykh Jassim to Jassim's younger brother, Tamim, perhaps perceiving Jassim as insufficiently committed to a leadership role.
- Prior to the January 15, 2006 death of Kuwait's long serving Amir Jabir al-Ahmad Al Sabah, Kuwait had begun to resolve a decade of leadership deadlock and decision-making stagnation caused largely by the infirmity of the top leadership. The Amir had been largely out of decisionmaking since a 2001 stroke, and the Crown Prince Sa'd Abdullah Al Sabah had been mostly sidelined with health problems as well. In July 2003, Deputy Prime Minister Sabah al-Ahmad Al-Sabah was appointed Prime Minister, giving him clear governmental authority and, for the first time in Kuwait, separating the posts of Prime Minister and Crown Prince. Following the Amir's death, Shaykh Sa'd has been appointed the new Amir, and Shaykh Sabah is likely to be named Crown Prince, potentially removing him from day-to-day governance. That move would pave the way for several younger potential successors to assume larger operational roles, including Foreign Minister Mohammad Al Sabah and Oil Minister Ahmad al-Fahd Al Sabah. Islamic fundamentalist opposition to the regime appears to be contained within Kuwait's elected National Assembly, and little anti-regime violence has occurred there since the 1991 Gulf war, although some Al Qaeda or pro-Al Qaeda activists have carried out attacks against Kuwaiti security personnel over the past two years, as discussed further in the last section of this paper.
- The Sultanate of Oman has seen little unrest since Sultan Qaboos bin Said Al Said took power from his father in 1970. Qaboos is about 64 years old, apparently in good health, and widely assessed as highly popular. However, the royal family in Oman is relatively small and there is no heir apparent or clear successor. This could lead to a succession crisis or power struggle if Qaboos were to leave the scene unexpectedly. Since an alleged Islamist plot in 1994 that led to a few hundred arrests, there has been little evidence of a radical Islamist element in the Sultanate until a similar wave of

arrests on similar charges in January 2005. Thirty-one Omanis were convicted of subversion in the alleged plotting but were pardoned in June 2005.

Political Liberalization

Virtually all the Gulf leaders are opening the political process to some extent, in part to help them cope with the challenges of modernization and globalization. The Bush Administration has expressed strong support for political liberalization in the Gulf and the broader Middle East as a means of addressing what it sees as root causes of the September 11, 2001 attacks - the relative lack of popular influence in governance. However, most Gulf reform efforts predate Bush Administration urging. Some of the Gulf leaders fear that more rapid liberalization could backfire by providing Islamist extremists a platform to challenge the incumbent regimes. As part of their liberalization efforts, all of the Gulf states except Saudi Arabia have appointed a woman to at least one cabinet post.

- Kuwait has traditionally been at the forefront of political liberalization in the Gulf, but its progress had been limited in recent years to reviving its elected 50-seat National Assembly in October 1992, after the 1991 Gulf war and a six year suspension, and to expanding the all-male electorate. The Assembly has more influence in decision-making than any representative body in the Gulf states, consistently exerting its power to review and veto governmental decrees. After the ousting of Saddam Hussein in April 2003, the victory of pro-government members in the July 2003 National Assembly elections, and the appointment of Shaykh Sabah as Prime Minister, in May 2005 the government finally achieved Assembly approval of legislation to allow female suffrage. That will take effect as of the next Assembly elections in 2007. The following month, the government named its first female cabinet minister, Masouma Mubarak, as Minister of Planning. She is also a Shiite Muslim, and her appointment restored the customary one Shiite cabinet seat.
- In the start of a series of initiatives to expand public participation, in March 1999 Qatar held elections to a 29-member municipal affairs council. In a first in the Gulf, women were permitted full suffrage and 6 women ran for the council, but all six lost. (One woman won in the 2003 municipal elections.) In April 2003, a constitution was adopted in a national referendum, in which women voted. Its approval (by 97% of the electorate) paves the way for elections to a one-chamber assembly, to be held some time in 2006, according to Qatari officials. It would replace a 35 member consultative council in place since independence in 1971. Thirty seats of the 45-seat Assembly are to be elected, with the remaining fifteen appointed.
- Oman began holding direct elections to its 83-seat Consultative Council in September 2000. At that time, the electorate consisted of 25% of all citizens over 21 years old - mostly local notables and

elites. The process contrasted with past elections (1994 and 1997) in which a smaller and more select electorate chose two or three nominees per district and the Sultan then selected final membership. At the same time, Qaboos appointed new members, including five women, to a 53-seat “State Council.” The State Council serves, in part, as a check and balance on the elected Consultative Council; both combined form a bi-cameral “Oman Council.” In November 2002, Qaboos extended voting rights to all citizens over 21 years of age, beginning with the October 4, 2003 Consultative Council elections. Those elections produced a body similar to that elected in 2000, including election of the same two women as the previous election (out of 15 female candidates). The Oman Council lacks binding legislative powers and there are no evident groupings or factions within it. Formal parties are banned. In 2001, Qaboos appointed three women to cabinet posts.

- The King of Bahrain has largely abandoned his late father’s refusal to accommodate opposition (mostly Shiite Muslim) demands to restore an elected national assembly. In February 2002, Bahrain held a referendum on a new “national action charter,” establishing procedures for electing a 40-member national assembly. Those elections (two rounds) were held in late October 2002, and the results were split between moderate Islamists and secular Muslims. None of the eight female candidates was elected. Some Shiite critics of the Sunni-dominated government boycotted the elections, claiming that the formation of an appointed upper body of the same size represented an abrogation of the government’s promise to restore the 1973 parliamentary process. (No appointed upper body was established during the 1970s.) The return to elections appears to have largely moved Shiite expressions of their grievances away from the violent unrest that rocked the small state in the mid-late 1990s, although occasional Shiite protests — and government suppression of them — continue. The new parliament has been assertive in trying to rewrite strict press laws and in questioning ministers, but there still are no formal political parties, although the government has indicated it might allow them at some point. The King has appointed two women to cabinet posts.
- Saudi Arabia, now under King Abdullah, is beginning to accelerate political liberalization.²¹ During King Fahd’s reign, the Kingdom expanded its national Consultative Council to 90 seats from 60 in 1997, to 120 seats in 2001, and to 150 in April 2005, but Fahd resisted national elections or the appointment of women to the Council. In 2004, the government approved new powers for the

²¹ For more information on Saudi political reform efforts, see CRS Report RS21913. *Saudi Arabia: Reform and U.S. Policy*, August 18, 2004, by Jeremy Sharp. Some of the information in this section is also taken from a CRS staff visit to Saudi Arabia in September 2004, which included several meetings with members of the Saudi Consultative Council.

Council, including the ability to initiate legislation rather than merely review government proposed laws, and giving the Council increased ability to veto draft governmental laws. Observers in Saudi Arabia say the public is increasingly aware of the Council's activities and its growing role as a force in Saudi politics. In 2003 it voted to reject a government-proposed income tax on foreigners; the government allowed that "veto" to stand. In February 2005, Saudi Arabia held elections for half of the seats on 178 local municipal councils around the Kingdom, but women were not allowed to vote. The municipal councils will report to the Ministry of Municipal and Rural Affairs. In November 2005, two Saudi women won election to the Jeddah Chamber of Commerce, the first vote of any kind in the country in which women participated. The vote was viewed as a prelude to allowing female suffrage in the 2009 municipal elections, and it could presage a move by King Abdullah to allow women to drive.

- To date, the UAE has been the least active on political reform, but movement is now evident. In November 2005, the government announced that half the seats of the forty seat advisory Federal National Council (FNC) would be selected by a limited electorate in each emirate. Each of the seven emirates of the UAE federation has a fixed number of seats on the FNC, and the size of the electorate will be 100 times the number of seats each emirate has. The UAE constitution permits males or females to sit on the FNC (although no women have been on it to date), indicating that women might be selected to the FNC in the newly opened selection process. In 2004, Sharjah emirate appointed five women to Sharjah's 40-seat consultative council. In cabinet changes after the November 2004 death of Shaykh Zayid, the government appointed its first woman cabinet member (Shaykha Lubna al-Qassimi, Minister of Economy and Planning).

Continued Human Rights Concerns

Despite the move toward political openness in some of the Gulf states, the State Department human rights report for 2004²² says that the Gulf states continue to rely on repression and denial of internationally recognized standards of human rights to maintain political stability. Even the moves toward political liberalization in the Gulf states do not give Gulf citizens the right to peacefully change their government, and the foreign workers on which their economies rely have virtually no political rights at all. Almost all the Gulf states are cited by human rights organizations and U.S. human rights reports for varying degrees of religious discrimination, arbitrary arrests and detentions, suppression of peaceful assembly and free expression, and other abuses such as the use of young foreign boys as camel jockeys. On November 28, 2005, the State Department condemned the UAE's arrest of a dozen same-sex

²² U.S. Department of State. Country Reports on Human Rights Practices - 2004. February 2005.

couples and the announcement that they would be subjected to hormone treatment. Some human rights improvements earn praise; Bahrain, for example, was praised the 2004 human rights report for labor reforms, including giving citizens the right to form and join unions.

On religious freedom, Saudi Arabia actively prohibits the practice of non-Muslim religions on its territory, even in private, with limited exceptions and, in 2005, for the second year in a row, it has been designated as a “Country of Particular Concern” under the International Religious Freedom Act (IRFA). According to the IRFA report for 2005, released November 8, 2005, Qatar prohibits public non-Muslim worship but tolerates it in private, although it has shifted its position in late 2005 and is now allowing church construction. In Kuwait, Bahrain, the UAE, and Oman, there are functioning Christian churches and congregations. Small Jewish communities in some Gulf countries are generally allowed to worship freely, and there is a Jewish member of the upper house of Bahrain’s national assembly.

In the State Department’s 2005 “Trafficking in Persons” report, released in June 2005, Kuwait, Qatar, Saudi Arabia, and the UAE fell to “Tier 3” (worst rankings) indicating they are not making significant efforts to address the problems of human trafficking. Oman was designated a “Tier 2” country, and Bahrain was designated as “Tier 2 - ‘Watch List’” suggesting Bahrain risks placement in Tier 3 if it does not improve efforts to prevent this activity.

U.S. Democratization Efforts

As the Bush Administration has made political and economic reform a priority, it has expanded the programs and policies used to promote that agenda. The Bush Administration is promoting these reforms not only through diplomatic exchanges between U.S. diplomats in the Gulf and their counterparts, but also with new programs run by the U.S. Agency for International Development (USAID), the State Department’s Near East Bureau and its Bureau of Democracy, Human Rights, and Labor, and the “Middle East Partnership Initiative” (MEPI).²³ The programs pursued in each Gulf state are described in the State Department’s “Supporting Human Rights and Democracy: The U.S. Record 2005-2005,” released March 28, 2005, [<http://www.state.gov/g/drl/rls/shrd/2004/43111.htm>]; and on the MEPI website at [<http://mepi.state.gov>].

U.S.-funded democratization programs in the Gulf focus on adherence to the rule of law, economic transparency, judicial reform, improvement in the education system, the opening of the media, and women’s empowerment. Because U.S. diplomats in the region generally seek to maintain good relations with their counterparts and because U.S. interests in the Gulf are broad, most U.S.-funded programs are supported by the Gulf governments. Many of the programs bring Gulf government officials, such as education ministry personnel (Bahrain, Saudi Arabia) and journalists (Kuwait, Saudi Arabia) to the United States for training or to see firsthand how various functions are carried out in a democracy. Other programs,

²³ For information on the initiative and funding provided by it, see CRS Report RS21457, *The Middle East Partnership Initiative: An Overview*, by Jeremy M. Sharp.

such as those in Bahrain, seek to assist Bahrain's political societies — informal groupings of citizens that discuss and advocate political positions. Programs and U.S. efforts in Kuwait focused on advancing female suffrage. Several programs using MEPI funds were used to help the Gulf countries comply with World Trade Organization and other requirements for the free trade agreements being negotiated with the United States (see below).

In pending legislation, H.Res.37, introduced January 6, 2005, commends Bahrain, Kuwait, Qatar, and Oman (as well as Jordan, Morocco, and Yemen) for their progress toward democratization and political and economic liberalization. The legislation resolves that the House of Representatives “offers to assist these countries in their future challenges of reform,” among other provisions.

Economic Importance and Liberalization

Iran, Iraq, and the GCC states possess about 715 billion barrels of proven oil reserves, representing about 57% of the world's total, and 2,462 trillion cubic feet (tcf) of natural gas, about 45% of the world's proven reserves of that commodity. The countries in the Gulf (including Iran and Iraq) produce about 20 million barrels per day (mbd) of oil, about 30% of the world's oil production, according to the U.S. Energy Information Administration. Saudi Arabia and Iraq are first and second, respectively, in proven reserves. Iraq, which is relatively unexplored, might ultimately be proven to hold more oil than does Saudi Arabia. Iran and Qatar, respectively, have the second and third largest reserves of natural gas in the world; gas is an increasingly important source of energy for Asian and European countries. This resource concentration virtually ensures that the Gulf will remain a major source of energy well into the 21st century. All of the countries of the Gulf, including Iran and Iraq, appear to have an interest in the free flow of oil, but past political conflict in the Gulf has sometimes led to sharp fluctuations in oil prices and increased hazards to international oil shipping. As noted in the below, oil export revenues still constitute a high percentage of GDP for all of the Gulf states. The health of the energy infrastructure of the Gulf producers is also a key concern of the United States — Gulf state oil exports comprise about 20% of the United States' approximately 13 million barrels per day (mbd) net imports.

A sharp oil price decline in 1997-1998 prompted the GCC states to reevaluate their longstanding economic weaknesses, particularly the generous system of social benefits they provide to their citizens. However, the strong expectation in these countries of continued benefits led the Gulf regimes to look to other ways to reform their economies. It is likely, as has happened in the past, that high oil prices (approximately \$60 per barrel as of early 2006) will dampen the drive for economic reform because the GCC states are earning revenues far higher than expected. Still, some GCC states, particularly Saudi Arabia and Oman, are trying to ease underemployment problems by instituting programs to encourage their nationals to work in jobs traditionally held by foreigners.²⁴

²⁴ Wilson, Scott. “Saudis Fight Militancy With Jobs.” *Washington Post*, August 31, 2004.

Table 4. GCC State Oil Production/Exports (2005)

Country	Total Oil Production (mbd)	Oil Exports to U.S. (mbd)	Oil Revenues as % GDP
Kuwait	2.5	0.26	50%
Saudi Arabia	9.5	1.558	40%
Qatar	0.9	negligible	30%
U.A.E.	2.4	negligible	33%
Oman	0.9	0.04	40%
Bahrain	0.02	0	30%
Iran	2.6	0	20%
Iraq	1.2	0.665	32%
Total	19.9	2.52	N/A

Source: DOE, Energy Information Agency (EIA), OPEC Revenue Fact Sheet (September 2004), and various press reports. Export figures are close to production figures for the GCC states. All countries in the table are members of OPEC except Bahrain and Oman.

Even though oil prices have alleviated some financial pressures on the GCC states, they are likely to continue to try to attract international capital and needed advanced technology to the energy and other sectors. Qatar has partnered with foreign investors such as Exxon Mobil, Totalfina Elf (France), and others to develop its North Field, the world's largest non-associated gas field, which now has customers in Asia and sells some liquified natural gas (LNG) to the United States. It is also the hub of the "Dolphin Project," in which underwater pipelines are to be constructed to link gas supplies in Qatar and Oman to the UAE, with possible future connections to South Asia. In January 2004, the first Omani supplies under the project began flowing to the UAE emirate of Fujairah; under a swap arrangement, those supplies are replaced by gas shipments from Qatar to Oman. At the same time, both Bahrain and Oman are confronting a declining oil sector; Bahrain and Oman are expected to exhaust their oil supplies in 15 and 20 years, respectively, at current rates of production.

Kuwait and Saudi Arabia have begun discussions with Western oil companies, including several American firms, about further developing their oil and gas reserves. However, internal opposition to opening up this vital asset to foreign investors has significantly slowed the entry of international firms in the two countries. The Kuwaiti government has not, to date, obtained National Assembly approval for its "Project Kuwait," a plan under which foreign investors would develop Kuwait's northern oil fields. The government wants the development to compensate for declining older fields and to increase oil production to 4 million barrels per day by 2020, but the National Assembly wants to ensure that Kuwait retains full sovereignty over its oil sector. On December 27, 2005, the Assembly again deferred approval of the project. Similarly, King Abdullah's 1998 initiative to open the Kingdom's gas reserves to Western development has stalled. Saudi Arabia and eight foreign firms signed a preliminary agreement in June 2001 to develop three Saudi gas fields; two

of the three would be led by Exxon Mobil. However, the agreement collapsed in May 2003 and an alternative agreement with Sinopec of China has been signed.

As part of the process of attracting international investment, the Gulf states are starting to open their economies. The Gulf states have passed laws allowing foreign firms to own majority stakes in projects, and easing restrictions on repatriation of profits. U.S. officials have applauded progress by the Gulf states in eliminating the requirement that U.S. firms work through local agents, and protecting the intellectual property rights of U.S. companies. In December 2002, the Gulf states agreed to implement a “customs union,” providing for uniform tariff rate on foreign imports; that union is to be completed by the end of 2007. In October 2005, Saudi Arabia became the last Gulf state to formally join the World Trade Organization (WTO) after protracted negotiations mainly to assuage remaining U.S. concerns. In 1994, all six GCC countries relaxed their enforcement of the secondary and tertiary Arab boycott of Israel, enabling them to claim that they no longer engage in practices that restrain trade (a key WTO condition).

U.S.-Gulf Free Trade Agreements. As part of its strategy to promote reform and democracy in the Middle East, the Bush Administration has been negotiating bilateral free trade agreements (FTAs) with the Gulf states. The Administration decided that an overall U.S.-GCC FTA would likely take too long to negotiate; a similar joint agreement pursued by the European Union has still not been finalized after about a decade of negotiation. An FTA was signed with Bahrain on September 14, 2004. In conjunction with congressional review, Bahrain dropped the primary boycott of Israel. Legislation to approve and implement the agreement has been passed by Congress (H.R. 4340, P.L. 109-169, January 11, 2006). In September 2005, the United States and Oman agreed on the provisions of an FTA, and the agreement was signed on January 19, 2006. Negotiations on an FTA with the UAE are making progress, according to U.S. negotiators. Kuwait and Qatar have expressed interest in such agreements as well.

Other Foreign Policy and Counter-Terrorism Cooperation

The United States has looked to the Gulf states to support U.S. policy on several other regional and international issues. One such issue is the Arab-Israeli dispute, which concerns most citizens in the Gulf countries. Another is counter-terrorism, an issue on which the Gulf states have been increasingly cooperative since their interests in preventing Islamic extremist movements have converged with U.S. goals.

Arab-Israeli Peace Process

Since Iran’s Islamic 1979 revolution began a period of instability and warfare in the Gulf, the Gulf states have not focused on the Arab-Israeli dispute to nearly the degree that “frontline states” such as Egypt, Syria, Jordan, and Lebanon have. In the 27 years since Iran’s revolution, in return for an implicit promise of U.S. strategic protection, most of the Gulf states have tried to support U.S. policy on the Arab-Israeli dispute, even when doing so caused the Gulf positions to differ from some

other Arab states on those issues. In the aftermath of the 1993 Israeli-PLO mutual recognition agreement, the GCC states participated in the multilateral peace talks, even though Syria and Lebanon boycotted those talks. Bahrain, Qatar, and Oman hosted sessions of the multilaterals, and a regional water desalination research center was established in Oman as a result of an agreement reached in that forum. Oman and Qatar opened low-level direct trade ties with Israel in 1995 and 1996 and hosted visits by Israeli leaders during that period. In November 1997, at a time of considerable strain in the peace process, Qatar bucked substantial Arab opposition and hosted the Middle East/North Africa economic conference, the last of that yearly event to be held.

At the same time, Saudi Arabia — to which the other Gulf states tend to defer on Arab-Israeli matters — will likely take a more active role on this issue now that Abdullah is King. He has always been highly focused on this issue and has often tried to guide and support U.S. policy on this issue; he engineered Arab League approval of a vision of peace between Israel and the Arab states at a March 2002 Arab League summit. The Gulf states have all publicly endorsed the Bush Administration's "road map" for Israeli-Palestinian peace. In September 2005, after the Gaza redeployment, Qatar's foreign minister held a widely publicized meeting with his Israeli counterpart as part of what the Qataris said should be encouragement and praise for Israel's move. The final statement of the GCC summit in December 2005 "hailed" the August 2005 Israeli withdrawal from the Gaza Strip as a "step in the right direction" but expressed the hope it would be followed by a complete Israeli withdrawal from all occupied Palestinian territories. In October 2005, Qatar became the first Arab country to donate money to a town inside Israel, giving \$6 million to build a stadium in the ethnically Arab city of Sakhnin in northern Israel.

On the other hand, the Gulf states, as Arab states, clearly support the Arab position on the dispute. After the latest Palestinian uprising began in September 2000, Oman closed its trade office in Israel and ordered Israel's trade office in Muscat closed. Qatar announced the closure of Israel's trade office in Doha, although observers say the office has been tacitly allowed to continue functioning at a low level of activity. (Qatar did not open a trade office in Israel.) That uprising also prompted the Arab League, with heavy Gulf financial support, to set up funds to support the Palestinian Authority (PA) and the Palestinian people. The funds, called the Al Aqsa fund and the Intifada fund, and managed by the Islamic Development Bank, were to provide up to about \$1.2 billion in donated funds to the PA. Saudi Arabia pledged \$270 million of that amount, and it has largely fulfilled that commitment. Suggesting a lower priority for the smaller Gulf states, Kuwait is \$140 million in arrears on its pledge as of 2005; Qatar still owes about \$50 million; the UAE, \$43 million; and Bahrain and Oman each still owe about \$20 million of what was pledged.²⁵

A key difference between the United States and the Gulf states has been on how to treat the Islamic militant group Hamas. The United States sees it as a designated foreign terrorist organization (FTO, as named by the State Department in 1997) that

²⁵ Kessler, Glenn. U.S. to Press Arab Nations to Pay Pledges Made to Palestinians. *Washington Post*, February 26, 2005.

conducts attacks on Israelis. The Gulf states see Hamas as a legitimate defender of Palestinian interests and resister of Israel's occupation of Palestinian territories. According to the State Department report on international terrorism for 2004 (released April 2005), "private benefactors" in Saudi Arabia and "other Arab states" continue to provide funds to Hamas,²⁶ Kuwait openly supported Hamas in the 1990s as a challenger to then Palestinian leader Yasir Arafat, who had supported Saddam Hussein in the 1990-91 Gulf crisis. On the other hand, U.S. concerns about Gulf funding for Hamas might ease if Hamas moves into the mainstream in Palestinian politics after competing in January 25, 2006 Palestinian legislative elections.

Counter-Al Qaeda Cooperation

The September 11 attacks stimulated some sources of tension between the United States and some of the Gulf monarchy states, particularly Saudi Arabia, over allegations that Gulf donors had, wittingly or unknowingly, been contributing to or tolerating groups and institutions linked to Al Qaeda. Osama bin Laden's Saudi origins, coupled with the revelation that fifteen of the nineteen September 11 hijackers were Saudis, caused substantial criticism of Saudi Arabia among some U.S. experts and opinion-makers. Two of the hijackers were UAE nationals. Many experts believe the Gulf states were tolerant of the presence of militants in order to avoid a backlash among citizens that agree with the militant's anti-U.S., anti-Western stances. Others accept the official view of some Gulf states that they hoped to calm regional militancy through negotiations and by working with governments, such as the Taliban (when it was in power), to keep the militants contained.

Saudi Arabia and the UAE were joined only by Pakistan in extending official recognition to the Taliban regime of Afghanistan during 1996-2001, breaking ties with the movement only after the September 11, 2001 attacks. Prior to September 11, the UAE had refused repeated U.S. requests to break ties with the Taliban and to stop hosting Ariana (Afghan national airline) flights to and from Dubai emirate;²⁷ these flights were one of the few connections between the Taliban and the outside world. The September 11 Commission report on the attacks noted that the hijackers had made extensive use, among other means, of financial networks based in the UAE, in the September 11 plot.²⁸ There has also been extensive public discussion about the use of Saudi charities and other Saudi-based networks to fund Al Qaeda and other terrorist networks, although the September 11 Commission found no evidence that the Saudi government or Saudi officials funded Al Qaeda.²⁹

The September 11 Commission report stated that Khalid Shaykh Mohammad, alleged mastermind of the September 11 plot, lived in Qatar during 1992-1996 at the invitation of Shaykh Abdullah bin Khalid Al Thani, the current Interior Minister and

²⁶ U.S. Department of State. *Country Reports on Terrorism 2004*. P. 99

²⁷ P. 138 of the September 11 Commission final report.

²⁸ P. 527 of the September 11 Commission final report.

²⁹ For an extended discussion of this issue, see CRS Report RL32499. *Saudi Arabia: Terrorist Financing Issues*.

a former Minister of Islamic Affairs.³⁰ The report says that Khalid Shaykh was warned by Qatari officials in 1996 of a U.S. indictment, and fled. Qatar also hosts an outspoken Islamic cleric of Egyptian origin, Shaykh Yusuf al-Qaradawi. In September 2004, in one of his most hardline statements, Qaradawi said that it is a religious duty for Muslims to fight U.S. forces and civilians in Iraq.³¹ Despite his statements, Qaradawi meets with and sometimes appears at panel discussions with Qatari senior officials. Some Saudi clerics, and even some Saudi officials, such as Interior Minister Prince Nayef, have earned opprobrium in the United States for similar statements that appear to blame the United States and U.S. policy for Islamic terrorism against the United States.

Since the September 11, 2001 attacks and the start of the Iraq war in March 2003, the Gulf states have been partners of the United States against Al Qaeda and pro-Al Qaeda movements as these militants have posed an increasing threat to the Gulf states themselves. In Saudi Arabia, there have been attacks on Westerners, regime installations, and those perceived as linked to the U.S. military or the U.S.-led war in Iraq. The most well known was the May 12, 2003 attack on a Western housing complex in Riyadh. In December 2004 there was an attack on the U.S. consulate in Jeddah. In Kuwait, there have been sporadic attacks on Kuwaiti security personnel in attacks that might have been attempts to disrupt OIF-related U.S. military deployments there. Qatar's tranquility was disrupted in March 2005 when an Egyptian expatriate bombed a theater frequented by Westerners as a purported response to Qatar's hosting of U.S. forces in OIF.

In its most recent annual report on global terrorism, covering the year 2004, the Bush Administration generally praises Gulf state cooperation against such extremists, although noting some deficiencies, as discussed below:

- All of the Gulf states are credited with instituting new measures to combat terrorism financing, including freezing suspected terrorist assets, requiring approval for charitable transaction, adopting anti-money laundering laws, and instituting laws and procedures to track suspicious financial transactions. Each of the Gulf states has joined the Middle East and North Africa Financial Action Task Force (MENA-FATF). U.S. officials continue to press their Gulf state counterparts to rigorously enforce these new measures, and have criticized some Gulf governments for failing to prosecute some individuals suspected of being terrorist financiers.
- Kuwait and Saudi Arabia are praised for moving rapidly to detain and prosecute suspects in various suspected Al Qaeda attacks in those countries. Saudi authorities have found and captured or killed several successive leaders of the Al Qaeda organization in Saudi Arabia, including a leading Al Qaeda associate, Abdul Aziz al-Muqrin. Saudi vigilance had, by mid-2005, substantially reduced the frequency of Al Qaeda attacks in the Kingdom, and U.S. diplomats in Saudi Arabia say there is widespread public support for the security forces in their stepped up campaign against the militants.

³⁰ P. 146 of the September 11 Commission final report.

³¹ Cleric Says It's Right to Fight U.S. Civilians in Iraq. Reuters, September 3, 2004.

Kuwaiti authorities have taken similar actions against militants there. In December 2005, Kuwait convicted six men of belonging to a terror group (“Lions of the Peninsula”) allegedly planning attacks on U.S. troops in Kuwait.

- The UAE is praised by U.S. officials for providing assistance in several terrorist investigations; it assisted in the 2002 arrest of at least one senior Al Qaeda operative in the Gulf, Abd al-Rahim al-Nashiri.³² In August 2004, the UAE emirate of Dubai, in cooperation with Pakistani investigators, arrested an alleged senior Al Qaeda operative, Qari Saifullah Akhtar. Bahrain has on a few occasions in 2003 and 2004 arrested suspected Al Qaeda activists, although it has later released many of them pending trial or because of a lack of legal justification for holding them. Qatar and Oman are generally cited by the 2004 State Department terrorism report for assisting U.S. counter-terrorism efforts, and the 2004 report did not include language from the 2003 report that “Members of transnational terrorist groups and state sponsors of terrorism are present in Qatar.”
- In December 2004, the UAE emirate of Dubai, a major Gulf port hub, signed a statement of principles to participate in the U.S. “Container Security Initiative” to screen U.S.-bound container cargo in Dubai. U.S. officials in Oman say that Oman has indicated a willingness to participate in that initiative as well.

³² U.S. Embassy to Reopen on Saturday After UAE Threat. *Reuters*, March 26, 2004.

Appendix 1. Gulf State Populations, Religious Composition

Table 5. Gulf State Populations, Religious Composition

Country	Total Population	Number of Non-Citizens	Religious Composition
Saudi Arabia	25.8 million	5.6 million	90% Sunni; 10% Shia
Kuwait	2.26 million	1.3 million	60% Sunni; 25% Shia; 15% Christian, Hindu, other
United Arab Emirates	2.52 million	1.6 million	80% Sunni; 16% Shia; 4% Christian, Hindu, other
Bahrain	677,000	235,000	70% Shia; 30% Sunni
Qatar	840,000	500,000	95% Muslim, almost all Sunni; 5% other
Oman	2.9 million	577,000	75% Ibadhi Muslim; 25% Sunni and Shia Muslim, and Hindu

Source: *Central Intelligence Agency World Factbook, 2004*, and various press reporting. Most, if not all, non-Muslims in GCC countries are foreign expatriates.

Appendix 2. Map of the Persian Gulf Region

Figure 2. Map of the Persian Gulf Region and Environs



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